



Brussels, 23.9.2022  
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ANNEX

ANNEX

*to the*

COMMISSION DECISION

**on the signature, on behalf of the European Union, of the Memorandum of Understanding on a Forest Partnership between the European Union and the Cooperative Republic of Guyana**

## Memorandum of Understanding on a Forest Partnership

between the Cooperative Republic of Guyana and the European Union

### 1 INTRODUCTION

#### 1.1 Object and purpose

The Cooperative Republic of Guyana and the European Union (EU), hereinafter the “Partners”, share a common responsibility in relation to the challenges posed to forests by climate change, development needs, conservation objectives, and share a common aspiration to enable forests to fulfil their economic, social and environmental role.

Together, in recent years, the Partners have already implemented several forest-related actions. Recognizing the urgent need for strategic and focused cooperation and building on the strong engagement in and motivation for forest conservation of the Guyanese government, the Partners now wish to heighten their cooperation on forests to make an important contribution to the UN 2030 Sustainable Development Goals.

In this context, the Partners launch a partnership, hereinafter “Forest Partnership”, in the area of protection, restoration and sustainable management and use of forests aimed at:

- i) ENHANCING the role of Guyana’s forests in sustainable and inclusive national development, and
- ii) ADDRESSING challenges related to deforestation, forest degradation, climate change and loss of biodiversity

#### 1.2 Context

Forests are among the world’s most productive ecosystems, biodiversity hosts and carbon storehouses, providing subsistence, safety, and income to about one third of the world’s population. Forests have a long history of responding to humanity’s needs for food, fuel and building materials that has already resulted in the loss of one-third of the world’s forest cover. Although ‘peaked deforestation’ seems to have passed, meeting the needs of a rising and urbanizing global population drives a further disappearance of 10 million hectares of forests annually. The consequences are dire for the climate, planetary and human health, impeding the achievement of the UN 2030 Agenda for Sustainable Development.

Guyana is amongst the ‘greenest’ countries in the world. With the world’s second highest percentage of rainforest cover (85%), Guyana commands globally important carbon stocks (19.5 GtCO<sub>2</sub>eq)<sup>1</sup>. As one of only a handful of countries that are net carbon sinks, Guyana’s forests sequester more carbon than the nation’s human activities generate. At the same time, the projected increase in global temperatures by 2.7 – 3 degrees threatens the very existence of small islands and coastal low-lying developing states, including Guyana.

Guyana is one of only four countries in the world (and one of two in the Amazon Basin) verified to have sustained a High Forest Low Deforestation state. Guyana has an estimated 18 million ha of forests, covering about 85% of the country’s total land area. With an annual rate of deforestation of only 0.06% over the years 2016-2020, forest loss is hardly an issue in Guyana. Instead, forest degradation is more of a concern; while illegal wood harvesting is believed to be modest, there is a rise in illegal mining.

In this wider context, Guyana has committed to:

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<sup>1</sup> Guyana’s Low Carbon Development Strategy 2030

- MAINTAINING over 99% of current forest cover (18 million ha) by keeping the annual rate of deforestation below 0.07% (i.e. 90% below the global average; **Draft Low Carbon Development Strategy 2030<sup>2</sup>**);
- MAINTAINING a high level of timber legality (unconditional contribution under 1<sup>st</sup> **Nationally Determined Contribution** in 2016<sup>3</sup>);
- ADVANCING the process of expanding the Protected Areas System by commencing work on conservation of 2 million ha (including protected areas, watershed forests and mangrove forests);
- CONTINUE AND IMPROVE ongoing work to realize sustainable forest management, thus ensuring 48.7 MtCO<sub>2</sub>e of avoided emissions annually (**Nationally Determined Contributions**);
- IMPROVING the status of biodiversity by conserving ecosystems, restoring ecosystems in degraded areas (**National Biodiversity Strategy and Action Plan 2012-2020<sup>4</sup>**)

The **EU** stepped up its ambition and commitments to international action on environmental issues, including forests, climate change and biodiversity in the context of the **European Green Deal<sup>5</sup>**. In its **own forest strategy<sup>6</sup>**, the EU sets forth its key priorities and actions based on the multi-functional role of forests and commits to protecting, restoring, and enlarging them, supporting their socio-economic functions and boosting a sustainable forest-based bio-economy. In the **Communication ‘Stepping up EU Action to Protect and Restore the World’s Forests’<sup>7</sup>**, the EU committed to supporting partner countries to tackle deforestation in a partnership approach. **European Commission President Von der Leyen** reiterated the commitment to the partnership approach calling for high ambition coalitions and partnerships for fighting deforestation with like-minded partners.<sup>8</sup>

The Partners recall their international commitments to the 2030 Agenda for Sustainable Development, the Paris Agreement on Climate Change, the UN Convention on Biodiversity, the UN Convention on Combating Desertification and the New-York Declaration on Forests. They also recall their endorsement of the Glasgow Leaders Declaration on Forest and Land Use.

In view of the above, the Partners confirm their resolve for a **formal strategic dialogue and policy cooperation**, both bilaterally and in international fora, on key forest-related issues, such as conservation, governance, value chains, sustainable management and deforestation-free production.

### 1.3 Objective

The Forest Partnership should address the protection, restoration and sustainable management and use of Guyana’s forests, with a view to:

- (1) Increasing the **area** of protected, restored or sustainably managed forests, including mangroves
- (2) Increasing the number of forest-related **decent jobs**
- (3) Maintaining the close-to-zero annual **rate of deforestation** of natural forests
- (4) Looking for ways to facilitate **investment and trade** in legal and sustainable wood products between Guyana and the EU.

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<sup>2</sup> <https://lcds.gov.gy/>

<sup>3</sup> <https://unfccc.int/sites/default/files/NDC/2022-06/Guyana%27s%20revised%20NDC%20-%20Final.pdf>

<sup>4</sup> <https://www.cbd.int/doc/world/gv/gv-nbsap-v3-en.pdf>

<sup>5</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

<sup>6</sup> [Forest strategy \(europa.eu\)](https://ec.europa.eu/forest-strategy/)

<sup>7</sup> [EU Communication \(2019\) on stepping up EU action to protect and restore the world’s forests | European Commission \(europa.eu\)](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655)

<sup>8</sup> [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\\_20\\_1655](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655)

The above specific objectives are envisaged to be achieved based on a holistic and integrated approach to forests considering their multiple functions and avoiding promoting one over the others. On the one hand, the expansion of activities encroaching on forest lands should be reduced (mining, in particular), while on the other hand, the economic resilience of forests should be strengthened through enhanced value chains for consumptive (wood) and non-consumptive forest products and services (biodiversity, tourism, carbon storage, water provisioning).

## 1.4 Approach

The Forest Partnership should be open, inclusive and transparent. To this end, the partners intend to:

- a) engage in **policy dialogue** on issues affecting forests and driving deforestation (e.g. intersectoral coordination, land tenure, unsustainable land use and land conversion, trade policies, environmental crime, law enforcement, fiscal incentives);
- b) involve **all relevant line ministries or Commission services** responsible for the key areas of intervention (e.g. for sustainable forest management, land use planning or economic development);
- c) provide **all relevant stakeholders** (private sector actors, social/non-state partners, local communities, indigenous peoples, youth, women, international public organisations, financial institutions, academia, research institutions and donors) with an opportunity to effectively participate in the planning and implementation of activities related to the Partnership. Adoption of a rights-based approach aims to promote social inclusion and equal opportunities for the most vulnerable groups;
- d) **develop capacities** of the forest sector stakeholders to deliver an effective and efficient forest sector output;
- e) **exchange** on their respective approach at the international level on forest-related issues
- f) communicate in **full transparency** about investments, actions, and results.

## 2 KEY WORK STREAMS

One of the core challenges faced by Guyana is to achieve the right balance between potentially competing developmental models, notably between forestry and mining (Low Carbon Development Strategy 2030 – draft version). To achieve this balance, Guyana intends to advance on sustainable forestry and low-impact mining practices, forest climate services and eco-system services

With these objectives in mind, the Partners intend to cooperate closely on the following work streams:

### (1) Improved governance and regulations in favour of forest sector developments

To ensure the efficient management of forest resources, attention should be given to forest monitoring and enforcement, along with the implementation of the accompanying codes of practice. This could be achieved through a) continued support towards the completion of the VPA-FLEGT process; b) the development of a national forest certification scheme for Guyana as a natural extension of the current FLEGT and REDD+ initiatives as a way to address requirements and norms that export markets may establish in the future; c) inter-agency coordination of land use and permits; d) enhanced transparency in extractive industries, based on EITI standards; e) forest governance reforms, including improvements in financial management within state forest agencies; f) enhanced capacities for detection of and responding to illegal activities (mining) on forest lands; g) revision of regulations to enable a reinforced nexus forest wildlife-food security-health; and h) the development of digital

innovations and the use of open data from the EU programme Copernicus Land Monitoring Service (CLMS) for decision-making.

## **(2) Sustainable forest management and forest-based value chains**

Forest-based value chains can generate employment, income, and support subsistence livelihoods, and when done sustainably, help improve conservation of the resources with appropriate actions and investments. Value chain development requires improved logistics and infrastructure, product development, standardization, organization, demonstrations, capacities, investments in new technologies and respective finance.

The contribution of Guyana's forests (85% of land area) to its economy, currently at 2% only, may be increased. Production forests should be managed for use of a broader range of wood species, with higher productivity and more efficient wood processing technology. Key actions could include: a) strengthening the community forest organisations, in terms of capacity and market countervailing power (e.g. via local log yards); b) strengthening of the wood-processing skills and production techniques for value adding activities and market linkages for small and medium-size wood industries, especially targeting the EU market - thereby enhancing the VPA-FLEGT process as well; c) improving access to finance for community and MSME livelihood initiatives on wood and non-wood forest products (NWFP); d) market research and promotion.

This workstream should contribute to Guyana's objective of boosting green exports.

## **(3) Eco-system services based on forest conservation**

Besides Guyana's focus on forest carbon as an ecosystem service, Guyana is also cognisant of other aspects of ecosystem services and programmes that may be applicable to the country's circumstances: a) watershed protection – important for safeguarding uses such as hydro-electric power generation, irrigation, recreation, fisheries, and domestic water uses; b) biodiversity conservation via strengthening and expansion of Guyana's national protected areas system, by examining and strengthening co-management (public and private partnerships, corporate social responsibility, technical and financial investments) and community-based approaches to managing biodiversity resources in key areas; c) expansion and restoration of Guyana's mangrove forests and eco-systems: Guyana has reinforced its coastal defences; yet the threat of sea level rise and coastal floods due to climate change is a continuous challenge to the sea defence structures. Restoration of the historic range of mangroves in the foreshore area can act as a buffer, absorbing the wave energy while mangroves trap sediments and reclaim land on the sea. Capitalising on past EU support for mangrove protection and management, the forest partnership should support further development of an overall green-grey engineering master plan for coastal protection. The possibility of developing a self-funding mechanism for mangrove restoration could be explored via introduction of a concession-style mangrove management model, similar to that for inland forests, along with the promotion of company-community partnerships, combining conservation with value chain schemes for such products as 'blue carbon', shellfish, wood, honey, and nature-based tourism; d) strengthening of wildlife and eco-tourism products, via improved tourism skills and product development in support of community tourism initiatives (benefiting youth and women specifically) and improved conditions for nature-based eco-tourism circuits, through marketing, tourism infrastructure and services, and improved site accessibility.

Activities under this workstream could help establish a biodiversity excellence centre, which could strengthen knowledge and stimulate South-South experience sharing.

#### **(4) Prevention of deforestation and forest degradation**

A significant portion of Guyana's deforestation results from forest clearing for mining that does not always generate a profit because of lack of sound prior prospecting of mineral deposits. The use of remote sensing and digital technologies should be promoted to enable better planning of mining development. a) Support could be provided to mineral mapping in the mining districts in order to identify economically exploitable deposits as a means of improving productivity within the mining sector while slowing deforestation. Such prior planning efforts serve to limit areas deforested and to reduce road-building; b) reforestation of small and medium mined-out areas; c) promotion of responsible mining and mineral tracking systems as proof that minerals produced are not causing deforestation and/or biodiversity loss.

The partnership should support the implementation of the Nationally Determined Contribution related to Land Use, Land Use Change and Forest as well as agriculture. Guyana has a close-to-zero deforestation rate. The Partnership should assist Guyana with the development and introduction of commodity tracking systems for legal and sustainable origin e.g. for domestic beef production, so as to be ready for expected future international market requirements. The Partnership should be able to support Guyana in adapting and continuously improving its national inventory system for agriculture, forests and other land uses to meet these impending obligations.

### **3 FOREST SECTOR FINANCE AND INVESTMENT**

A key dimension of the forest partnership should be to consult Guyana on developing corresponding funding mechanisms that would facilitate the implementation of the workstreams - as described in section 2. Approaches may include:

a) forest carbon credits: Guyana's significant progress on building a world-leading system for monitoring, reporting and verification (MRVS) of forest carbon stock and emissions, coupled with the recent emergence of a large voluntary market with demand supported by sovereign governments, means that from early 2022, there is a strong possibility that Guyana's sale of forest climate services can be structured around high-quality voluntary markets that include private, as well as international public sector financing. It also includes targeted support for Amerindian and other forest-dependent communities, with a dedicated 15% of revenues from forest climate services earmarked for investments for Amerindian communities. Guyana will encourage private sector-led projects and these will be considered for nesting within the context of the national-scale system.

b) supporting state agencies with the identification of possible investment packages to be proposed to the EU's EFSD+ as well as to market-based finance or investment entities. The EFSD+ could help leverage sovereign loans to support grey-green infrastructural works and guarantees and blending for private sector to support wood production, tourism activities, or training programmes in sustainable forest management.

### **4 IMPLEMENTATION AND REPORTING**

Within six months from the signature of the Forest Partnership, the Partners should develop a Roadmap based on the key work streams under Section 2 of this Memorandum.

The Partners should cooperate in a framework of Working Groups, one technical and one political, for discussing the implementation of the Memorandum by the Partners and respective actors (as specified

in the Forest Partnership Roadmap), including the resolution of any issues in relation to the interpretation and implementation of this Memorandum.

The Technical Working Group would meet on a quarterly basis co-chaired by the Head of Cooperation of the EU Delegation and the Permanent Secretary of the Ministry of Natural Resources. The composition should be agreed when developing the Roadmap for the forest partnership. The first meeting of the Working Group should be one month after the development of the Roadmap referred to in the previous paragraph.

The Political Working group should meet twice a year, co-chaired by the European Union Ambassador to Guyana and the Vice-President of Guyana. The composition should be agreed when developing the Roadmap.

**5 FORMAT**

This instrument is not intended to create rights or obligations under international or domestic law. Nothing in this Memorandum shall represent a commitment of financing on the part of either Partner. Furthermore, this Memorandum does not intend to represent any commitment from either Partner to give preferred treatment to the other Partner in any matter contained herein or otherwise.

The Memorandum commences on the day after it has been signed by both Partners.

Signed at ..... on ..... in two copies in English.

FOR THE GOVERNMENT OF  
THE COOPERATIVE REPUBLIC OF GUYANA

FOR THE EUROPEAN UNION